



## DEPARTMENT OF THE TREASURY

### Funding Highlights:

- The Department of the Treasury (Treasury) manages the U.S. Government's finances, promotes conditions that enable stable economic growth, protects the integrity of the financial system, and combats financial crimes and terrorist financing.
- The Budget proposes strategic reforms and investments to streamline Treasury's operations, bolster Treasury's national security and law enforcement capacity, enhance the taxpayer experience, and lower the deficit.
- The Budget eliminates \$248 million in unnecessary spending related to Community Development Financial Institutions (CDFI) Fund awards that are no longer needed given the maturity of the CDFI industry.
- The Budget requests \$15.7 billion in base discretionary resources for Treasury's domestic programs, including \$2.4 billion for the U.S. Secret Service, which the Budget proposes to transfer from the Department of Homeland Security. Excluding the request for the U.S. Secret Service, the Budget request is \$13.3 billion or \$291 million and 2.2-percent above the 2020 enacted level.

### The President's 2021 Budget:

The 2021 Budget would modernize and strengthen Treasury's ability to efficiently manage the Nation's economy, protect U.S. financial systems from criminal and national security threats, and serve as the fiscal steward of the Federal Government. The Budget proposes targeted investments to disrupt terrorist financing, hold rogue states and human rights abusers accountable, and detect and deter financial crimes. The Budget also supports Treasury's role as chair of the Committee on Foreign Investment in the United States (CFIUS) to address current and future national security risks. In addition, the Budget enhances the Department's functions as the Federal Government's revenue collector, financial manager, and economic policymaker. By putting taxpayers first, demonstrating fiscal restraint, and eliminating wasteful and unnecessary spending, the Budget builds on recent economic progress, spurs innovation, and helps create the economy of tomorrow.

**Returns the U.S. Secret Service to Treasury.** The U.S. Secret Service was established in 1865 within Treasury to combat then-widespread counterfeiting of U.S. currency, and remains the sole office charged with the protection of U.S. currency. The Homeland Security Act of 2002 transferred the U.S. Secret Service and 21 other Federal agencies into the newly created Department of Homeland Security to better protect the Nation from terrorism and other threats to U.S. safety and security.

Technological advancements in recent decades, such as cryptocurrencies and the increasing interconnectedness of the international financial marketplace, have resulted in more complex criminal organizations and revealed stronger links between financial and electronic crimes and the financing of terrorists and rogue state actors. The Budget proposes legislation to return the U.S. Secret Service to Treasury to create new efficiencies in the investigation of these crimes and prepare the Nation to face the threats of tomorrow.

**Invests in Economic Security.** Treasury's Office of Terrorism and Financial Intelligence (TFI) combats terrorists, rogue regimes, proliferators of weapons of mass destruction, human rights abusers, and other illicit actors by denying their access to the financial system, disrupting their revenue streams, and degrading their ability to cause harm. TFI plays an increasingly important role in countering the Nation's most critical national security and illicit finance threats, thereby reducing long-term risk, instability, and potential economic losses. The Budget requests \$173 million for TFI, a 40-percent increase relative to 2017 funding levels, to strengthen TFI's data analytics, intelligence, sanctions, and enforcement capabilities.

**Bolsters the Prevention, Detection, and Investigation of Financial Crimes.** The Financial Crimes Enforcement Network (FinCEN) links law enforcement and intelligence agencies with financial institutions and regulators, leading to the discovery and prosecution of money-laundering schemes and other crimes that cause lasting harm to Americans and the economy. The Budget requests \$127 million for FinCEN to prevent and address financing of terrorism, money laundering, and other crimes. These resources would enhance FinCEN's protection of data collected under the Bank Secrecy Act, which would increase its value to law enforcement agencies, and expand its efforts to combat emerging virtual currency and cybercrime threats.

**Strengthens Review of Foreign Investment.** CFIUS determines national security risks from certain foreign investment. In 2018, CFIUS was expanded and strengthened by the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA). FIRRMA updates CFIUS to better address national security concerns, including by broadening the authorities of the President and CFIUS regarding na-

tional security concerns arising from certain foreign non-controlling investments and real estate transactions that previously fell outside CFIUS's jurisdiction. The Budget requests \$35 million for Treasury to continue the swift implementation of FIRRMA.

### **Bankrupting Terrorists and Rogue Regimes**

TFI works around the clock to collect and analyze intelligence and effectively deploy its arsenal of sanctions and other financial enforcement tools against criminals and national security threats. In the past two years alone, TFI has cut off the flow of billions of dollars to Iran, disrupted networks that provided the brutal Syrian regime with access to oil and financing, and expanded sanctions to punish Russian aggression and corrupt Kremlin-linked oligarchs. The Budget continues the Administration's investment in economic tools to advance foreign policy and address emerging threats, such as the use of cryptocurrencies in money laundering and terrorist financing.

**Improves Tax Administration and Modernizes Taxpayer Systems.** Filing taxes is the most significant interaction that many Americans have with the Federal Government each year. The Internal Revenue Service (IRS) collects approximately \$3.6 trillion in tax revenue annually and processes more than 255 million tax returns and forms resulting in more than \$300 billion in tax refunds. The Budget proposes \$12.0 billion in base funding to modernize the taxpayer experience and ensure that the IRS can fulfill its core tax filing season responsibilities. The Budget provides \$300 million to continue IRS efforts to modernize its information technology (IT) infrastructure and enhance taxpayers' ability to interact with the IRS securely and electronically, improving the time it takes for IRS to resolve concerns.

For example, the Budget includes funding to digitize more IRS communications to taxpayers so they can respond quickly and accurately to IRS questions; create a call-back function for certain IRS telephone lines so taxpayers do not need to wait on hold to speak with an IRS representative; and make it easier for taxpayers to make and schedule payments online. In developing these tools, the IRS conducts surveys and interviews with taxpayers to understand what taxpayers want and then tests the new tools with taxpayers so that they are easy to use.

The Budget also proposes legislation enabling additional funding for new and continuing investments to expand and strengthen tax enforcement. These additional proposed investments are estimated to generate approximately \$79 billion in additional revenue at a cost of \$15 billion, yielding a net savings of \$64 billion over 10 years.

The Budget also includes several proposals to ensure that taxpayers comply with their obligations and that tax refunds are only paid to those who are eligible, including: improving oversight of paid tax preparers; giving IRS the authority to correct more errors on tax returns before refunds are issued; requiring a valid Social Security Number for work in order to claim certain tax credits; and increasing wage and information reporting.

**Manages the Nation's Finances More Effectively.** The Bureau of the Fiscal Service (BFS) manages the Nation's debt and is the Federal Government's primary accounting and financial service provider. In 2019, BFS issued approximately \$11.7 trillion in marketable Treasury securities, processed the collection of more than \$4.26 trillion in Federal receipts, and distributed more than \$3.7 trillion in payments. The Budget provides funding to enhance the cybersecurity of the IT systems that support these activities and touch the lives of every American taxpayer. The Budget also empowers everyday Americans who have invested in their Nation by funding an online tool that would allow individuals to verify ownership of unredeemed savings bonds dated after 1974.

**Connects Communities with Development Capital while Protecting Taxpayers.** The Budget proposes to end funding for the CDFI Fund discretionary grant and direct loan programs. More than two decades ago, the CDFI Fund was created to jumpstart an industry at a time when CDFIs had limited access to private capital. The CDFI industry now has ready access to the capital needed to extend credit and offer financial services to underserved communities, eliminating the need for Federal grants. The Budget also proposes to eliminate the Bond Guarantee Program requirement for a relending account, which adds unnecessary cost and complexity to the program.

**Brings Accountability and Transparency to Treasury's Regulatory Oversight Functions.** Consistent with recommendations made in Treasury's June 2017 report to the President on banks and credit unions, the Budget proposes that the Congress establish funding levels for the Office of Financial Research (OFR) and the Financial Stability Oversight Council (FSOC) through annual appropriations bills. OFR and FSOC, established by the Dodd-Frank Wall Street Reform and Consumer Protection Act, are currently able to set their own budgets, which circumvents congressional approval and oversight. OFR has taken administrative steps to further the goals in the Treasury report, including an organizational realignment to significantly reduce staffing and operating expenses to better focus OFR on its core mission to support FSOC and the financial regulatory community.

**Modernizes and Streamlines Oversight of Alcohol and Tobacco Industries.** The Budget provides resources to enable the Alcohol and Tobacco Tax and Trade Bureau (TTB) to continue modernizing its tax and IT systems to better serve its customer base and the public. The Budget also proposes to transfer all alcohol and tobacco responsibilities from the Department of Justice's (DOJ's) Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) to TTB, which has extensive expertise relating to the alcohol and tobacco industries. By allowing ATF to focus exclusively on its firearms and explosives mandates, this transfer would enable Treasury and DOJ to more efficiently and effectively protect the Nation.